

**Fraser Public Schools
Board of Education Meeting
School Budget Updates
Monday, July 15th, 2024**



Key Takeaways

- No increase to the K-12 per-pupil foundation level of \$9,608. Yet, Charter schools, who don't pay into the Michigan Public School Employees' Retirement System, would receive a 3.9% increase to their per-pupil foundation.
- Substantially cutting the School Safety funding that districts were receiving. The State and Fraser's allocation was reduced by 91%. Fortunately, Fraser has carryover, and this will not impact us till next year.

Key Takeaways

- While the retirement expenditures were cut, this is only a one time reduction.
 - Also, what didn't happen, is SB 911. House leadership never sent SB 911 back to the Senate to be finalized alongside the budget, meaning while the budget itself is now done, the policy side of it to lock-in a MPSERS rate reduction is not included in that.
 - This is a key piece of legislation that needs to be passed; otherwise the 3% being collected from employees will continue to be collected (that would go into effect October 1).

Key Takeaways

- The bill is now stalled in the Senate, along with HB5803, which would lower the rate faster.
- Both the House and Senate then adjourned until July 30.
- They left the permanent rate reduction behind. We now need to call on Senate and House Leadership to pass a statutory rate cap reduction when they return on July 30, send it to the Governor, and get her signature.

Impact of Key Changes

No Foundation Increase

MPSERS Categorical

School Safety Reduction

FORECAST	FY25 Budget	FY26 Forecast
ASSUMPTIONS:		
Foundation allowance per pupil	9,608	9,848
Net Change %	0.0%	2.5%
Blended Enrollment - Total	4,417	4,328
Net Change %		-2.0%
Net Change in FTEs	(90)	(89)
CHANGES TO REVENUE:		
Starting Revenue (FY25 ORIG)	67,079,378	67,885,357
Change in student count		(855,112)
Change in foundation allowance	(1,117,501)	1,038,720
147a4 UAAL 5.75% Offset	1,923,480	0
31aa Safety/Mental Health - reduced 91.9%		(470,000)
Adjusted Revenue:	67,885,357	67,598,965
Net change from prior year		(286,392)

Changes to Expenditures

	24-25 Budget	25-26 Forecast
<u>CHANGES TO EXPENDITURES:</u>		
Starting Expenditures (FY25 ORIG)	69,998,733	69,998,733
Transition SACC To YMCA - FY25 Subsidy		(200,000)
FEA - assume 5 retirees replaced per year		(243,233)
Bargaining Potential Cost		1,811,105
Settled- FAA - 1 step & 4%/year thru FY26		122,257
Settled- AFSCME Groups (3.5% FY25, 3% FY26)		195,443
Utilities - assume 3% increase per year		49,145
Health Insurance - assume 3% increase per year		257,500
Adjusted Expenditures:	69,998,733	71,990,950
<i>Net change from prior year</i>		1,992,217
<u>FUND BALANCE:</u>		
Beginning fund balance	11,592,938	9,479,562
Projected revenue	67,885,357	67,598,965
Projected expenditures	69,998,733	71,990,950
Projected operating surplus/(shortfall)	(2,113,376)	(4,391,985)
Projected ending fund balance	9,479,562	5,087,577
<i>% of Expenditures</i>	13.5%	7.1%

Summary of Fund Balance Changes

	Original Budget adopted 6/24/24		Revised Adopted School Aid Bill 6/27/24	
FORECAST	FY25 Budget	FY26 Forecast	FY25 Budget	FY26 Forecast
<u>FUND BALANCE:</u>				
Beginning fund balance	11,592,938	8,673,583	11,592,938	9,479,562
Projected revenue	67,079,378	67,270,765	67,885,357	67,598,965
Projected expenditures	69,998,733	72,088,243	69,998,733	71,990,950
Projected operating surplus/(shortfall)	(2,919,355)	(4,817,478)	(2,113,376)	(4,391,985)
Projected ending fund balance	8,673,583	3,856,105	9,479,562	5,087,577
<i>% of Expenditures</i>	12.4%	5.3%	13.5%	7.1%



**Your Leadership
Matters.**